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The Elements

The month of August witnessed one of the most crucial developments in climate change – Intergovernmental Panel on Climate Change (IPCC) warning of “code red for humanity”. As the need for ESG compliance increases, understand how the industry adapts to this need in this issue of Tattva. U.S. Securities and Exchange Commission (SEC) introduced rules to tackle greenwashing. The low-carbon market got a push as the UN Climate Change Secretariat published a Climate Action Pathway and Hong Kong Exchange and Guangzhou Exchange collaborated to develop low-carbon markets. Diversity and inclusion remained major topics of interest for Nasdaq and the Johannesburg Stock Exchange while GRI and Mercer brought in important hires to drive sustainability in the industry.

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MARKET TRENDS



Trends driving positive environmental and social change

Businesses, financial institutions, and regulatory bodies have realized the significance of addressing the ESG risks and capitalizing on the underlying opportunities to adopt sustainability. Catch the latest developments in the industries – from government mandates to revolutionary initiatives – in this section.

IPCC Climate Change report declared a “code red for humanity”

The UN’s IPCC has warned that the planet is warming even faster than was earlier anticipated. Scientists blamed human activities for the rise in temperature by 1.09°C and melting arctic sea ice, which lead to floods, drought, and heat waves. To mitigate these issues, scientists suggest that there should be deep cuts in greenhouse gas emissions, which will help stabilize rising temperatures.

► Source: BBC

SEC approved Nasdaq’s proposal to increase diversity on corporate boards

The companies listed on Nasdaq will be required to disclose gender and racial diversity of their boards. To ensure compliance to this rule, SEC has set the minimum criteria of at least two “diverse” directors on the board – one female director and one from

an underrepresented racial minority or the LGBTQ+ community.

► Source: CNBC

UN Climate Change Secretariat published Climate Action Pathway for financial markets

UN Climate Change Secretariat has published a Climate Action Pathway for financial markets, which aims to ensure clean energy, infrastructure, and climate solutions. The report is aligned to the goal of achieving a 1.5° C resilient world by 2050. It suggests that policymakers, regulatory bodies, and corporate and financial institutions need to take measures such as correcting market failure and closing valuation gap. Promoting incentives and capital flow toward high carbon resources are among others.

► Source: UNFCCC

UK pension fund NEST began its hunt for ESG-savvy private equity managers

UK's largest workplace pension scheme, National Employment Savings Trust (NEST) is searching for managers who will integrate ESG factors into their investment and asset management processes. The GBP 20 billion pension scheme aims to allocate 5% of its assets toward ESG by the end of 2024.

► Source: Responsible Investor

Swiss regulators embedded "double-materiality" in new TCFD requirements

From 2024, Switzerland will mandate reporting on climate-related risk for large Swiss firms based on the recommendations of Taskforce on Climate-related Financial Disclosures (TCFD). Firms will have to report on "double-materiality", a disclosure standard that is aligned with the European Union (EU). The companies need to show how its financial or investment risks are linked to climate change and how its commercial activity impacts the environment.

► Source: SWI swissinfo.ch



COLLABORATION

Companies joining forces to shape sustainable solutions

ESG issues continue to grow in relevance, be it employee health & safety or climate change, and the impact is multi-fold in current times. Investor groups and corporates are increasingly collaborating to address such issues and drive sustainability. Follow the major coalitions in the ESG space.

Hartford launched its first ESG ETF in collaboration with Schroders

Pennsylvania-based Hartford teamed up with Schroders and launched the Hartford Schroders ESG US Equity ETF, which is now listed on the Cboe BZX Exchange with a substantial large cap leaning. This ESG conscious ETF will help investors in reaching their long-term investment targets while being socially responsible in their investments. The fund will exclude the companies with operations linked to thermal coal, tobacco, weapons, gambling, and tar sands.

► Source: ETF Strategy

NN Investment Partners to be acquired by Goldman Sachs Group

Goldman Sachs group is set to acquire leading European asset manager NN Investment Partners from NN Group N.V. for about EUR 1.6 billion. NN Investment Partners is among the best ESG manager in Europe and offers several equity and fixed income products. NN Investment Partners compliments the existing platform of Goldman Sachs Asset Management and will accelerate their growth strategy.

► Source: Goldman Sachs

GRMA and IdealRatings teamed up for comprehensive ESG Data Management

GRMA and IdealRatings have formed an alliance to provide comprehensive and low-cost ESG data and

reporting options. IdealRatings, a top financial data provider, can offer global ESG data coverage while GRMA, a leading Fintech firm, can provide unique SaaS solutions for ESG reporting.

► Source: PR Newswire

FiscalNote acquired ESG software firm Equilibrium

Singapore-based Equilibrium, known for developing ESG automation software, has been acquired by FiscalNote. Equilibrium is a cutting-edge ESG data management software platform that uses data and artificial intelligence to help businesses improve their ESG performance and carbon accounting as well as automate their ESG reporting.

► Source: PR Newswire

HKEX and GFEX to work together to develop Green and Low-Carbon Markets

Guangzhou Futures Exchange (GFEX) and Hong Kong Exchanges and Clearing Limited (HKEX) have agreed to work together to promote sustainability and accelerate the growth of the Guangdong-Hong Kong-Macao Greater Bay Area. The exchanges will collaborate to develop a green and low-carbon market in the area, which will explore product development in both onshore and offshore markets.

► Source: ESG Today



PEOPLE MOVEMENTS



Thought leadership through key hires

Companies across the globe are demanding analysts, strategists, and knowledgeable professionals to understand and drive their ESG data, strategies, and solutions for a range of stakeholders. This section brings to you the latest movements of such highly skilled professionals in the ESG sector.

Aleksandra Njagulj joined DWS as Global Head of ESG for Real Estate

Aleksandra Njagulj joined DWS as Global Head of ESG to expand the firm's commitment to ESG in the real estate sector. She has prior experience as global head of ESG at CBRE Global Investor and Head of Sustainability, R&D and Innovation at Bouygues, UK.

► Source: ESG Clarity

Robeco welcomed Rachel Whittaker as Head of Sustainable Investment Research

Robeco appointed Rachel Whittaker as Head of Sustainable Investment Research to lead the team responsible for identifying ESG impacts on businesses

and expand sustainable investment sector knowledge.

► Source: ESG Today

Mercer appointed Sarika Goel as Global Head of Sustainable Investment Research

Mercer hired Sarika Goel as Global Head of Sustainable Investment Research to develop its thought leadership related to sustainable investment research. In her new role, she will focus on sustainable development, climate transition, impact investment, and stewardship for asset classes.

► Source: Citywire selector

AIG hired Head of ESG Strategy for Investments

American International Group (AIG) hired Drew Schechtman as Head of ESG Strategy, Investments. He will step down from the position of Head of Environmental, Social and Governance Investment Strategy at Voya to take up his new responsibility.

► Source: ESG Today

GRI appointed Dani Marunovic as Chief Financial Officer

GRI has made a new addition to its senior management team by appointing Dani Marunovic as Chief Financial Officer. She will be responsible for managing GRI secretariat, financial controls, human resources, legal affairs, and IT.

► Source: Global Reporting Initiative



Innovation in sustainable investing

The fintech section captures the various innovations in the data analytics, software solutioning, and technology space that benefit both investors and data providers. Learn about the most groundbreaking technologies leading their way in ESG.

Nomura announced use of NLP technology to identify long-term bonds

Nomura Securities' natural language processing (NLP) technology will evaluate how funds from bond issues are used to achieve SDGs by analyzing issuer prospectuses and sustainability reports. This will allow bonds not classified as green, social, or sustainability bonds to be evaluated in terms of how well they meet the requirements of their labeled counterparts.

► Source: ESG Today

Moody's ESG solutions introduced a data solution to assist investors in aligning strategies with UN SDGs

Moody's new data solution provides assessments of over 300 data points for about 5,000 publicly traded companies. The screening process will assist investors in aligning the UN SDGs into investing strategies, funds, indices, and reporting. The SDGs are a call to action to promote economic growth, social inclusion, and environmental sustainability.

► Source: Businesswire

Willis Towers Watson developed the Climate Modeling Tool to assess risk and assist in meeting disclosure requirements

Willis Towers Watson has released a new tool for modeling climate scenarios. Climate Diagnostic will assist organizations in meeting the ever-increasing

standards for climate-related disclosures. Clients can evaluate the impact of climate conditions on specific properties, which allows them to determine how to best minimize risks across their property portfolios.

► Source: ESG Today

NITI Aayog released SDG District Index and Dashboard for Northeast India

The SDG District Index compares the performance of districts in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura in terms of SDGs and their associated targets. The index is based on NITI Aayog's SDG India Index, which is the primary and official tool for tracking SDG development.

► Source: The Hindu BusinessLine

PSA and RHT collaborated on ESG digital asset solutions to accelerate decarbonization

PSA International, Singapore's port operator has teamed up with RHT Group of Companies, a management consultancy firm to form a digital asset solution to decarbonize ports and supply chains. The goal is to look into co-creation and investment in digital assets that focus on ESG. RHT will advise PSA on the ins and outs of digital asset structuring, distribution, trading, and other such ESG solutions.

► Source: Offshore-energy



PRODUCTS & SERVICES



Industry demands met with sustainable investment products and ESG data & services

As businesses work toward getting ESG compliant and investors channel their funds into ESG products, the market is gearing up to facilitate all forms of products and services. In this section, you will find news on key products and services including the launch of climate change-targeted funds as well as ESG data and services.

Platts published carbon credit assessments over seven types of projects

S&P Global Platts (Platts) has published a new set of voluntary carbon credit assessment tools increasing the types of projects it covers, such as carbon removal, avoidance, and methane collection credits. Furthermore, Platts started issuing a new stand-alone assessment report for renewable energy and methane collection carbon credits.

► Source: S&P Global

Refinitiv Satrix I&D index launched to track South African companies on Johannesburg Stock Exchange

The Refinitiv Satrix South Africa Inclusion and Diversity (I&D) Index was launched to track returns

of selected companies on the Johannesburg Stock Exchange. The scores of these companies are derived from the Refinitiv Diversity and Inclusion metrics and the South Africa-specific Broad-Based Black Economic Empowerment (B-BBEE) metrics. The index hypothesizes that companies with positive I&D measures will outperform other indexes.

► Source: ESG Today

WisdomTree re-introduced its carbon exchange traded product in the European market

After having to shut the platform a year ago, WisdomTree has reinstated its carbon exchange-traded product (ETP) WisdomTree Carbon (CARB). Through the Solactive Carbon Emission Allowances Rolling Futures index, CARB will track the prices of the ICE Carbon Emission Allowances (EUA) futures.

► Source: ETF Stream

New York-based Diligent acquired Accuvio for its sustainability software solution

Diligent Corporation has acquired Accuvio, a sustainability and ESG reporting firm to offer a holistic ESG climate reporting software solution. Diligent will use Accuvio's software capabilities to assist organizations in aligning their data with important regulatory guidelines, mainly for GHG emission data.

► Source: Business Wire

ICE and risQ launched a social impact assessment data service

ICE and risQ have launched a data service tool that will assess the impending social impact of investments, especially to evaluate municipal bonds. The tool will aid investors who wish to understand

how their investments will impact public works, infrastructure, schools, and utilities.

► Source: Nasdaq

Moody's ESG unveiled Global Compact Screening to evaluate sustainability alignment

Moody's ESG has introduced the Global Compact Screening tool that looks to assess companies for their alignment with the United Nations Global Compact (UNGC) framework. It offers assessments of up to 5,000 companies across 36 metrics with controversy screening, negative screening, and risk management for better ESG decision-making for investors.

► Source: ESG Today



LAWS, POLICIES, & REGULATIONS

Major policies that pave the way to disclosure in the industry

Policy reformation and amendments in the ESG reporting space are at all-time high. What started as a voluntary disclosure is now making its way to becoming mandates. Be it on sustainable investments standards or climate change reporting mandates and transparency in governance practices, we bring you the latest regulatory updates in this section.

BaFin introduces a draft guideline for sustainable funds to prevent greenwashing

The Federal Financial Supervisory Authority (BaFin) published a draft guideline for sustainable investment funds to minimize greenwashing. The guidance lays out the criteria and mechanism for classifying funds as sustainable. Furthermore, BaFin requested comments on the proposal until September 6, 2021.

► Source: Pinsent Masons

DoD requested inputs on sustainability programs

The Department of Defense (DoD) sought guidance on sustainability programs including climate-related disclosures from interested parties. Also, companies were asked to voluntarily declare their efforts and

initiatives related to GHG emissions, ESG reporting, and emission reporting from their supply chain by the DoD.

► Source: Government Contracts Legal Forum

Amendments introduced in MiFID II, AIFMD, UCITS, and Insurance (Solvency II and IDD)

The EU amended MiFID II, AIFMD, UCITS, and Insurance (Solvency II and IDD) delegated regulations. The amendments mainly dealt with incorporating sustainability risks and considerations into product governance obligations, elements to be considered by alternative funds managers, and risks involved with controlling insurance and reinsurance enterprises.

► Source: Lexology

The Jersey Financial Services Commission introduces ESG disclosures rules

The Jersey Financial Services Commission (JFSC) has issued ESG disclosure regulations that states disclosure requirements applying to investments promoted as sustainable investments. According to the guidelines, funds must disclose all ESG-related information, such as sustainable investment ratio in overall investment and the methodology adopted.

► Source: Mondaq

SEC to introduce rules to tackle greenwashing and misleading claims

The SEC has established a task force to tackle greenwashing and misrepresentation. Under the new rules and regulations, SEC will require companies to disclose greenhouse gas emissions along with other material information intended for an investor in the registrant's annual report (in Form 10-K) through their supply chain each year.

► Source: CNBC TV18



Global sustainability watchdogs chasing wrongdoers

Do companies follow their ESG commitments? Tracking corporate controversies helps in investment decisions and enables stakeholders determine whether the companies are being fair to their commitments or merely greenwashing. We bring you the top controversies in this section.

SEC investigated DWS group for allegedly greenwashing its ESG credentials of USD 1 trillion

DWS group is under scrutiny after the former head of sustainability blew the whistle on its apparent ESG fund range of about USD 1 trillion. The ex-head mentioned in a Wall Street Journal interview that the company does not give an accurate analysis to its ESG investors. In a past report, the group allegedly stated that more than half of its USD 900 billion assets were invested through ESG screenings.

► Source: International Investment

T-Mobile US Inc faces cyber attack and data breach of 53 million customers

The US Federal Communications Commission (FCC) revealed through its investigation that personal

information of 53 million customers of T-Mobile was leaked as the company suffered a cyber attack. Many customers filed a class action lawsuit against the company as their sensitive information was exposed.

► Source: The Tribune

Supreme Court of India ordered anti-trust investigations into E-commerce giants

The Competition Commission of India (CCI) is investigating into the activities of Amazon.com Inc. and Flipkart (a subsidiary of Walmart) who have been charged with anti-trust violations. The corporations have been accused of limiting market competition by exclusively promoting certain sellers on their e-commerce platforms.

► Source: India Today



SGA Blogs

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